

STATE BONDING FUND
INVESTMENT PERFORMANCE REPORT AS OF DECEMBER 31, 2004

	December-04					September-04				Current	Prior Year	3 Years	5 Years
	Allocation		Quarter	Month	Net ROR	Allocation		Quarter	Net ROR	FYTD	FY04	Ended	Ended
	Market Value	Actual	Policy	Net ROR		Market Value	Actual	Policy		Net	Net	6/30/2004	6/30/2004
LARGE CAP DOMESTIC EQUITY													
<i>Structured Growth</i>													
Los Angeles Capital	86,394	2.2%	2.3%	10.37%	4.86%	81,984	2.2%	2.3%	-4.14%	5.80%	N/A	N/A	N/A
Total Structured Growth	86,394	2.2%	2.3%	10.37%	4.86%	81,984	2.2%	2.3%	-4.14%	5.80%	17.58%	-6.28%	-7.85%
Russell 1000 Growth				9.17%	3.92%				-5.23%	3.47%	17.88%	-3.74%	-6.48%
<i>Structured Value</i>													
LSV	93,033	2.4%	2.3%	9.01%	2.72%	89,406	2.4%	2.3%	3.21%	12.51%	30.56%	9.33%	8.36%
Russell 1000 Value				10.38%	3.35%				1.54%	12.08%	21.13%	2.96%	1.87%
<i>Russell 1000 Enhanced Index</i>													
LA Capital	182,231	4.7%	4.5%	9.28%	3.67%	174,651	4.6%	4.5%	-1.68%	7.44%	N/A	N/A	N/A
Russell 1000				9.80%	3.62%				-1.81%	7.81%	N/A	N/A	N/A
<i>S&P 500 Enhanced Index</i>													
Westridge	177,077	4.6%	4.5%	9.47%	3.44%	169,705	4.5%	4.5%	-1.99%	7.29%	N/A	N/A	N/A
S&P 500				9.23%	3.40%				-1.87%	7.19%	N/A	N/A	N/A
<i>Index</i>													
State Street	53,266			9.23%	3.42%	51,081			-1.88%	7.17%	19.01%	-0.75%	-2.28%
Total Index	53,266	1.4%	1.5%	9.23%	3.42%	51,081	1.3%	1.5%	-1.88%	7.17%	19.01%	-0.75%	-2.28%
S&P 500				9.23%	3.40%				-1.87%	7.19%	19.11%	-0.70%	-2.21%
TOTAL LARGE CAP DOMESTIC EQUITY	592,001	15.2%	15.0%	9.45%	3.60%	566,826	14.9%	15.0%	-1.42%	7.90%	21.46%	0.15%	-1.39%
S&P 500				9.23%	3.40%				-1.87%	7.19%	19.11%	-0.70%	-2.21%
SMALL CAP DOMESTIC EQUITY													
<i>Manager-of-Managers</i>													
SEI	199,830	5.1%	5.0%	14.79%	3.88%	187,008	4.9%	5.0%	-3.60%	10.66%	32.99%	5.51%	N/A
Russell 2000 + 200bp				14.64%	3.13%				-2.36%	11.93%	35.99%	7.90%	N/A
TOTAL SMALL CAP DOMESTIC EQUITY	199,830	5.1%	5.0%	14.79%	3.88%	187,008	4.9%	5.0%	-3.60%	10.66%	32.99%	5.54%	7.29%
Russell 2000				14.09%	2.96%				-2.86%	10.83%	33.36%	6.24%	6.63%
CONVERTIBLES													
TCW	397,368	10.2%	10.0%	8.41%	2.91%	366,600	9.6%	10.0%	-4.35%	3.69%	17.50%	1.03%	3.90%
First Boston Convertible Index				5.37%	2.08%				-1.05%	4.26%	14.16%	4.89%	5.75%
INTERNATIONAL EQUITY													
<i>Large Cap - Active</i>													
Capital Guardian	156,972	4.0%	4.0%	10.01%	3.66%	296,674	7.8%	8.0%	-1.77%	8.07%	25.36%	-0.39%	0.54%
LSV	158,007	4.1%	4.0%	N/A	4.80%	-	0.0%	0.0%	N/A	N/A	N/A	N/A	N/A
Transition Account	(45)	0.0%	0.0%	N/A	N/A	-	0.0%	0.0%	N/A	N/A	N/A	N/A	N/A
Total Large Cap - Active	314,934	8.1%	8.0%	10.59%	4.21%	296,674	7.8%	8.0%	-1.77%	8.64%	25.36%	-0.39%	0.54%
MSCI EAFE - 50% Hedged				11.11%	3.85%				-0.72%	10.31%	26.98%	-1.27%	-2.14%
<i>Small Cap - Value</i>													
Lazard	44,279	1.1%	1.0%	16.09%	4.65%	39,858	1.0%	1.0%	0.29%	16.42%	43.30%	N/A	N/A
Citigroup Broad Market Index < \$2BN				16.82%	4.90%				-0.82%	15.86%	47.95%	N/A	N/A
<i>Small Cap - Growth</i>													
Vanguard	43,115	1.1%	1.0%	18.89%	7.12%	37,867	1.0%	1.0%	0.49%	19.47%	44.68%	N/A	N/A
SSB BROAD MARKET INDEX < \$2BN				16.82%	4.90%				-0.82%	15.86%	47.95%	N/A	N/A
TOTAL INTERNATIONAL EQUITY	402,328	10.4%	10.0%	12.55%	4.55%	374,399	9.8%	10.0%	-1.31%	11.07%	29.16%	1.02%	1.39%
MSCI EAFE - 50% Hedged				11.11%	3.85%				-0.72%	10.31%	26.98%	-1.27%	-2.14%
DOMESTIC FIXED INCOME													
<i>Core Bond</i>													
Western Asset	680,741	17.5%	16.7%	1.34%	1.06%	687,449	18.1%	16.7%	3.52%	4.91%	2.42%	7.77%	8.10%
Lehman Aggregate				0.96%	0.92%				3.20%	4.18%	0.32%	6.35%	6.95%
<i>Index</i>													
Bank of ND	858,329	22.1%	25.0%	0.40%	0.67%	865,114	22.8%	25.0%	2.54%	2.95%	0.07%	7.10%	7.25%
Lehman Intermediate Gov/Credit (1)				0.44%	0.68%				2.71%	3.16%	-0.05%	6.97%	7.25%
<i>BBB Average Quality</i>													
Wells Capital (formerly Strong)	382,889	9.9%	8.3%	2.30%	1.68%	385,414	10.1%	8.3%	4.51%	6.92%	1.18%	N/A	N/A
Lehman US Credit BAA				1.69%	1.56%				4.76%	6.53%	1.96%	N/A	N/A
TOTAL DOMESTIC FIXED INCOME	1,921,958	49.5%	50.0%	1.11%	1.01%	1,937,978	51.0%	50.0%	3.27%	4.41%	0.79%	7.00%	7.45%
Lehman Gov/Credit				0.80%	1.06%				3.56%	4.39%	-0.72%	6.73%	7.10%
CASH EQUIVALENTS													
<i>Bank of ND</i>													
90 Day T-Bill	369,250	9.5%	10.0%	0.53%	0.21%	368,196	9.7%	10.0%	0.44%	0.97%	1.20%	1.72%	3.39%
				0.48%	0.21%				0.37%	0.85%	0.98%	1.71%	3.30%
TOTAL BONDING FUND	3,882,734	100.0%	100.0%	4.57%	1.93%	3,801,006	100.0%	100.0%	0.64%	5.24%	9.88%	4.70%	5.16%
POLICY TARGET BENCHMARK				4.14%	1.80%				1.22%	5.41%	8.00%	4.60%	4.72%

NOTE: Monthly returns and market values are preliminary and subject to change.

(1) Prior to April 1, 2004, the benchmark was the LB Govt/Credit index.